

JANUARY 16, 1973

INTERNATIONAL TEA CONFERENCE

ANNCR:

AFTER ALMOST A DECADE OF NEGOTIATIONS EXPERTS FROM 35 COUNTRIES ARE AT WORK IN GENEVA ON AN AGREEMENT TO BRING PRICE AND SUPPLY STABILITY TO THE INTERNATIONAL TEA MARKET. RICHARD KILIAN HAS THIS BACKGROUND REPORT ON THE TALKS FROM GENEVA.

VOICE:

TEA IS ONE OF THE TEN COMMODITIES RECEIVING HIGH PRIORITY CONSIDERATION BY THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT. THAT ORGANIZATION IS ATTEMPTING TO CREATE WHAT IS CALLED AN INTEGRATED PROGRAM UNDER WHICH THE SUPPLY OF COMMODITIES PRODUCED BY DEVELOPING COUNTRIES CAN BE BETTER MANAGED IN TIMES OF EXCESS PRODUCTION AND LOW PRICES OR EQUALLY UPSWINGING SHORTAGES AND HIGH PRICES.

THE EXPERTS MEETING IN GENEVA ARE TRYING TO PUT FLESH ON THE BASIC ELEMENTS OF AN INTERNATIONAL TEA AGREEMENT. THOSE ELEMENTS INCLUDE BUFFER STOCKS, EASIER ACCESS TO MARKETS AND A BIG PROMOTION CAMPAIGN TO GET MORE PEOPLE TO DRINK TEA.

THE UNITED NATIONS DEVELOPMENT BODY, IN CONJUNCTION WITH THE U.N. FOOD AND AGRICULTURE ORGANIZATION, HAS SUGGESTED THE ESTABLISHMENT OF THREE FUNDS TO ACHIEVE THIS GOAL. THEY ARE A BUFFER STOCK FUND, A DIVERSIFICATION FUND, AND A PROMOTION FUND. THE EXPERTS SAY ALL THREE FUNDS WOULD COST A MAXIMUM OF TWO HUNDRED FIFTEEN MILLION DOLLARS OVER A FIVE-YEAR PERIOD.

AS TEA EXPORTING COUNTRIES FALL AMONG THE POOREST OF THE DEVELOPING NATIONS, THEY CANNOT BE EXPECTED TO CONTRIBUTE VERY HEAVILY TO THESE FUNDS. THIS IS WHY THE EXPERTS ARE LOOKING TOWARD RICHER TEA IMPORTING NATIONS TO PROVIDE THE NEEDED CAPITAL.

A LOOK AT PRICE FLUCTUATIONS SHOWS WHY MARKET STABILITY IS BEING SOUGHT. TEA PRICES DROPPED CONSISTENTLY FROM 1955 TO 1974. AND SINCE JANUARY 1976 THE HAVE JUMPED FROM ONE DOLLAR THIRTY CENTS A KILOGRAM ON THE LONDON MARKET TO FOUR DOLLAR FIFTEEN CENTS IN APRIL 1977, ONLY TO FALL BACK TO THE PRESENT LEVEL OF ABOUT TWO DOLLARS TWELVE CENTS A KILOGRAM.

THE MAIN TEA EXPORTING COUNTRIES ARE INDIA, SRI LANKA, CHINA AND KENYA. THE BIGGEST IMPORTING COUNTRIES ARE THE UNITED KINGDOM, THE UNITED STATES, PAKISTAN AND THE SOVIET UNION.

ALISTER MCINTYRE, DIRECTOR OF U.N. COMMODITY DIVISION, CALLED TEA ONE OF THE MOST DEPRESSED AGRICULTURAL COMMODITIES IN WORLD TRADE. HE SAID THAT AVERAGE TEA PRICES LAST YEAR -- A RECORD HIGH YEAR -- WERE IN REAL TERMS MORE THAN FIFTEEN PERCENT LOWER THAN AT THE BEGINNING OF THE NINETEEN SIXTIES.

THE MAIN GOAL AND HOPE OF THIS MEETING IN GENEVA IS THAT ENOUGH PROGRESS WILL BE MADE TO WARRANT THE CONVENING OF A FULL NEGOTIATING CONFERENCE TO ESTABLISH AN INTERNATIONAL TEA AGREEMENT. BUT PARTICIPANTS SAY THAT ANOTHER PREPARATORY CONFERENCE WILL BE NECESSARY BEFORE SUCH A CONFERENCE CAN TAKE PLACE.

JS/LPY

